

## Chapter 5

# The Business Model of a Public Social Partnership: Contextual Determinants

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### ABSTRACT

*The authors discussed the dynamic evolution of the public management manifesting innovative and collaborative methods of social service delivery transcending the public authorities' individual boundaries. The chapter purposely presented the inter-organizational cooperation and public social partnership as an effective business model for public/social value creation unleashing the potential of public organizations and empowering social actors in democratic and collaborative policy/decision making. The chapter identified two public social partnerships in Poland and Spain. The research was conducted in the regime of constructivism. As suggested by R. Rorty (1982), the researchers posed a question as to why the research was being conducted and then adapted the research strategy to it (a case study). In order to analyse obtained data, the so-called thick description was used revealing the contextual determinants that influence the architecture of the researched models.*

### INTRODUCTION<sup>1</sup>

A fundamental problem faced by the developed countries is to find such practices for public funds management that will allow for the effective achievement of social goals defined in the process of political choices made by citizens. As a consequence, the governments of many countries undertake initiatives aimed at the reform of the public sector (Pollitt & Bouckaert, 2000). One of the key issues for the public

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sector is the effective provision of social services to citizens. Innovative solutions in this area often involve the cooperation between organisations that adopts the institutional format of a public social partnership.

The effective operations of a public social partnership rely heavily on the selection of organisations that will act as partners. The resources, values and goals of these organisations should be matched in such a way that the outcomes they produce can contribute to the creation of social value expected by stakeholders. The business logic of the public services where production and consumption occur simultaneously and involve co-production between professionals and users, leads the public management models into a new direction of inter-organizational network and sustainability growth mechanisms. Public services, as the result of complex service delivery systems being relational and process-based, require functional architecture and sustainable business models (Osborne, Radnor, Vidal, & Kinder, 2014, pp. 167-169). The reform strategies and business models for public services delivery need cultural change within public sector (Osborne, Radnor, Vidal, & Kinder, 2014, p. 169) and thus, this chapter aims to identify and compare the building blocks of the business models for public social partnerships established to provide social services. Therefore it examines some examples from Poland and Spain.

The chapter structure starts with a brief summary about the current need for innovation in the social service delivery systems, which gradually leads to the public social partnerships overview as a new significant model of inter-organizational collaboration for more effective social service identification, design and the social needs fulfilment. While the new social delivery systems are becoming highly complex, the authors discuss the business model definition and architecture that is relevant for public social partnerships. The authors refer to the Osterwalder's and Pigneur's (2002, p. 5-23) definition that describes the business model as a firm's architecture and its network of partners for creating, marketing and delivering value and relationship capital to one or several segments of customers. For better understanding of the building blocks of the networking architecture, the authors present two examples from Poland and Spain on the basis of the proposed Business Model Canvas that enables to analyse the sustainable business models of the sophisticated public social partnerships.

## **BACKGROUND**

The harmonious development of a state is only possible if social needs that are satisfied with public funds are identified correctly. The institutional state ensures the fulfilment of social needs recognised by citizens as important and its obligation is to build the effective system for the provision of social services that meet these needs. It is in the process of determining social policy goals that the decisions on what services are necessary and how they should be delivered are made, while practical measures that allow for the implementation of these decisions are part of public management.

Social policy is a concept commonly used in public space to describe the socio-economic outcomes of a state's activity as a public authority. The scope and depth of the measures adopted in social policy practice reflect the economic, political and legal doctrines pursued by a given state. Additionally, social policy practice is also the product of historical and ideological conditions. Contemporary researchers increasingly often endorse the idea that the way in which social policy goals are pursued is strongly affected by a society's organisational culture and its manifestations in collective and individual activity.

The analysis of the Polish and Spanish social policy – or rather the way in which it is implemented – supports the assumption that it should gradually evolve towards the solutions that embrace institutional change defined as social innovation, the essence of which is cooperation on all organisational levels

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